Auditor’s Report

Infrastructure Health & Safety Association

Financial Statements

December 31, 2018

Independent auditor's report

To the Audit Committee of Infrastructure Health & Safety Association

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Infrastructure Health & Safety Association (the Association) as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited
The Association's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
July 12, 2019

Infrastructure Health & Safety Association

Statement of Financial Position

As at December 31, 2018

	2018 $	2017 $
Assets		
Current assets		
Cash and cash equivalents	9,214,246	17,394,431
Short-term investments (note 3)	10,262,673	7,393,001
Accounts receivable	1,324,693	1,250,383
Inventory	170,881	242,827
Prepaid rent and deposits (note 4)	158,351	86,413
	21,130,844	26,367,055
Prepaid rent and deposits (note 4)	453,513	296,333
Long-term investments (note 3)	4,208,375	500,000
Investment in CHSI (note 5)	1,105,113	1,117,283
Capital assets (note 6)	1,634,175	810,664
	28,532,020	29,091,335
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,468,803	3,643,859
Deferred revenue (note 7)	86,957	67,457
Customer deposits	303,384	258,085
	3,859,144	3,969,401
Deferred revenue (note 7)	84,790	122,675
Deferred capital contributions (note 8)	1,099,302	119,907
Employee future benefits (note 9)	21,924,900	22,863,000
	26,968,136	27,074,983
Net Assets		
Invested in capital assets	534,873	690,757
Internally restricted for CHSI capital expenditures (note 10)	454,041	466,075
Unrestricted	574,970	859,520
	1,563,884	2,016,352
	28,532,020	29,091,335

Commitments and contingencies (notes 12 and 15)

Approved on Behalf of the Executive Board

_______________ Director — Tom Nicholls

_______________ Director — David Johnston

The accompanying notes are an integral part of these financial statements.

Infrastructure Health & Safety Association

Statement of Operations

For the year ended December 31, 2018

	2018 $	2017 $
Revenue		
Ministry of Labour (note 11)	21,976,809	24,341,584
Training and publication recoveries	8,779,488	9,427,851
Amortization of deferred capital contributions (note 8)	41,806	48,051
Sundry revenue	141,784	230,904
Share of income (loss) from CHSI (note 5)	(12,170)	144,061
Interest income	343,704	441,089
Funding for rent (note 7)	37,885	37,885
	31,309,306	34,671,425
Expenditures		
Salaries	15,590,255	16,517,943
Employee benefits	6,050,517	5,840,788
Occupancy	3,893,297	3,374,057
Travel and vehicle	1,983,391	2,060,150
Program delivery expenses	1,632,082	1,874,033
Advertising and promotion	863,202	1,621,930
Equipment and maintenance	1,377,953	1,168,309
Professional fees	548,775	384,514
Postage and courier	162,384	193,982
Personnel costs	155,077	177,836
Telecommunications	148,993	148,807
Office and general	168,027	192,534
Amortization of capital assets	203,190	154,274
Supplies and services	75,624	34,136
Research and library costs	23,807	19,481
	32,876,574	33,762,774
Excess (deficiency) of revenue over expenditures for the year	(1,567,268)	908,651

The accompanying notes are an integral part of these financial statements.

Infrastructure Health & Safety Association

Statement of Changes in Net Assets

For the year ended December 31, 2018

	2018				2017
	Invested in capital assets $	**Internally restricted for CHSI capital expenditures $**	**Unrestricted $**	**Total $**	**Total $**
Net assets – Beginning of year	690,757	466,075	859,520	2,016,352	3,738,001
Excess (deficiency) of revenue over expenditures for the year	-	-	(1,567,268)	(1,567,268)	908,651
Net activity in capital assets	(155,884)	-	155,884	-	-
Interfund transfers – net	-	(12,034)	12,034	-	-
Employee future benefits remeasurement (note 9)	-	-	1,114,800	1,114,800	(2,630,300)
Net assets – End of year	534,873	454,041	574,970	1,563,884	2,016,352

The accompanying notes are an integral part of these financial statements.

Infrastructure Health & Safety Association

Statement of Cash Flows

For the year ended December 31, 2018

	2018 $	2017 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	(1,567,268)	908,651
Adjustment to reconcile excess of revenue over expenditures to net cash provided by operating activities		
Amortization of deferred capital contributions	(41,806)	(48,051)
Amortization of capital assets	203,190	154,274
Share of (loss) income from CHSI	12,170	(144,061)
Investment income	(153,242)	(334,938)
Employee future benefits expense (note 9)	1,071,700	1,068,500
Employee future benefits paid (note 9)	(895,000)	(760,800)
Changes in non-cash working capital balances		
Accounts receivable	(74,310)	79,743
Inventory	71,946	58,764
Prepaid rent and deposits	(229,118)	544,227
Accounts payable and accrued liabilities	(175,057)	286,787
Deferred revenue	(18,385)	(264,285)
Customer deposits	45,299	(177,929)
	(1,749,881)	1,370,882
Financing activities		
Funding received for capital purchases	1,021,201	142,106
Investing activities		
Change in investments – net	(6,424,804)	3,142,725
Purchase of capital assets	(1,026,701)	(754,478)
	(7,451,505)	2,388,247
Change in cash and cash equivalents during the year	(8,180,185)	3,901,235
Cash and cash equivalents – Beginning of year	17,394,431	13,493,196
Cash and cash equivalents – End of year	9,214,246	17,394,431
Cash and cash equivalents consist of		
Cash	4,496,325	14,292,309
Guaranteed investment certificate	3,000,000	-
Money market funds	1,717,921	3,102,122
	9,214,246	17,394,431

The accompanying notes are an integral part of these financial statements.

1 Nature and purpose of organization

Infrastructure Health & Safety Association (IHSA or the Association) was formed on January 1, 2010 by amalgamating Construction Safety Association of Ontario, Electrical & Utilities Safety Association and Transportation Health & Safety Association of Ontario. IHSA is a not-for-profit occupational health and safety organization providing health and safety training material and services to Ontario's construction, electrical and utilities and transportation industries. IHSA assists organizations to achieve safer and healthier work environments by identifying and reducing workplace risks and hazards to prevent and reduce workplace injuries, illness and disease. The Association's mission is to develop sector specific partnerships and support their implementation of prevention solutions that provide continuous improvement in health and safety performance.

The Association is exempt from tax under Section 149(1)(I) of the Income Tax Act (Canada).

2 Summary of significant accounting policies

Basis of accounting

The Association has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

The Association follows the deferral method of accounting for funding. Restricted funding from the Ministry of Labour (MOL) and other government ministries is deferred and recognized as revenue when the related expenses are incurred. Training recoveries are recognized as revenue when services are rendered and there is reasonable assurance of collection. Safety product recoveries relating to inventory are recognized as revenue when goods are shipped and there is reasonable assurance of collection. Unrestricted funding is recognized as revenue when received or receivable. Funding received for capital expenditures is deferred and recognized as revenue on the same basis as amortization of the related assets.

Interest income is recognized into revenue when earned, on a time proportionate basis.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with the Association's bank and highly liquid investments with original maturity dates of three months or less at the date of acquisition.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Computer software	3 years
Emergency response equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	over term of lease

Acquisitions of less than $5,000 are expensed when purchased.

Impairment of capital assets

The Association monitors its use of capital assets and when the capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Inventory

Course and seminar inventory is valued at the lower of cost and net realizable value and is expensed in program delivery expenses. Cost is determined on an average cost basis.

Employee future benefits

i) Defined benefit post-retirement plan

The Association provides certain non-pension post-retirement benefits consisting of extended health and other benefits. The defined benefit obligation is calculated based on the most recent actuarial valuation report prepared for accounting purposes.

The Association determines its obligation as the difference between its total liabilities and related costs less the fair value of the plan assets. Remeasurements and other items are charged to net assets as they occur.

The Association applies the following policies:

- The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance for funded plans, salary escalation, retirement ages of employees and expected health-care costs.

- Actuarial gains and losses arise when the actual return on plan assets differs from the expected return on the plan assets for a period, or when the accrued benefit obligations change during the year. The actuarial gains and losses are recorded in the statement of changes in net assets.

ii) Defined benefit pension plan

Employees belong to the WSIB Employees' Pension Plan and the WSIB Employees' Supplementary Pension Plan, which are defined benefit plans that meet the definition of a multi-employer plan under ASPE 3462 and are thus accounted for as defined contribution plans. The plans provide for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension are administered by the WSIB.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. All investments in money market funds, bonds and guaranteed investment certificates are recorded at amortized cost. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Investment in Centre for Health & Safety Innovation

The Association is a founding member of Centre for Health & Safety Innovation (CHSI), a not-for-profit corporation that provides shared premises for the Association and one other Ontario health and safety organization. Under its membership agreement, the Association is party to a joint venture with one other party. The Association paid a fee of 25.64% of the startup and operating costs of CHSI up to December 31, 2006. The Association maintains a 25.64% share in CHSI while Workplace Safety & Prevention Services maintains a 74.36% share. In addition, the Association has chosen to use the equity basis to account for its proportionate share of the annual operating results of CHSI.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3 Investments

Investments consist of bonds and guaranteed investment certificates earning interest with rates ranging from 1.05% to 2.05% annually and maturing between January 18, 2018 and September 15, 2020.

	2018 $	2017 $
Investments – total	14,471,048	7,893,001
Amounts maturing within one year	10,262,673	7,393,001
Investments – long-term	4,208,375	500,000

Highly liquid investments of $1,717,921 consisting of cash and monies held in money market funds were reclassified to cash and cash equivalents at December 31, 2018.

4 Prepaid rent and deposits

	2018 $	2017 $
Deposit on Voyageur Court premises	135,213	135,213
Deposit on Skills Development Centre premises	25,000	25,000
Long-term prepaid rent	85,234	123,119
Deposit on CHSI premises	50,885	50,885
Deposit on Skills Development Centre Ottawa premises	28,564	-
January's prepaid premises rent	166,501	-
Deposits	73,299	-
Other	47,168	48,529
	611,864	382,746
Less: Current portion	158,351	86,413
Long-term	453,513	296,333

The long-term prepaid rent resulted from contributions to the Association for the Skills Development Centre location to help meet the rent payment obligations. These contributions were paid to the landlord as a prepayment of rent in order to reduce the monthly rent payments and are recognized into expenses over the term of the lease agreement.

5 Investment in Centre for Health & Safety Innovation

CHSI is a not-for-profit organization, incorporated under the laws of the Province of Ontario on September 8, 2004, the purpose of which is to create a focal point for innovation and applied learning in the prevention of workplace injuries and illnesses and to act as a key resource for employers, employees and others seeking expertise and direction on how to make workplaces safer. The organization is exempt from income taxes under Section 149(1)(I) of the Income Tax Act (Canada).

The audited financial statements as at December 31, 2018 of CHSI have not been issued yet. The information below reflects the financial results in the draft financial statements as reported on by CHSI's management:

	CHSI $	IHSA 25.64% share $
Assets	5,171,577	1,325,992
Liabilities	861,465	220,880
Net assets	4,310,112	1,105,112
Operating results (year ended December 31, 2018)		
Revenue	5,569,664	1,428,061
Expenses (operating)	5,617,127	1,440,231
	(47,463)	(12,170)
Shortfall of revenue over expenses	(529)	(136)
Expenses (transfer to replacement reserve)	(46,934)	(12,034)
Decrease in net assets	(47,463)	(12,170)
Cash flows		
Operating	(250,178)	(64,146)
Investing	(74,368)	(19,068)
Decrease in cash during year	(324,546)	(83,214)

	2018 $	2017 $
CHSI Investment consists of		
Balance – Beginning of year	1,117,283	973,222
Proportionate share of excess (deficiency) of revenue over expenses	(12,170)	144,061
Balance – End of year	1,105,113	1,117,283

6 Capital assets

			2018	2017
	Cost $	Accumulated amortization $	Net $	Net $
Computer equipment	43,052	43,052	-	-
Computer software	65,963	65,963	-	-
Emergency response equipment	1,696,715	1,196,848	499,867	571,161
Furniture and fixtures	492,409	483,028	9,381	6,425
Leasehold improvements	2,400,453	1,275,526	1,124,927	233,078
	4,698,592	3,064,417	1,634,175	810,664

7 Deferred revenue

Deferred revenue represents unspent funds from the MOL and other funded programs reflected under the Skills Development Centre. The changes in the deferred operating funding balances are as follows:

			2018	2017
	Skills Development Centre $	MOL $	Total $	Total $
Balance – Beginning of year	135,560	54,572	190,132	454,417
Funding received	-	19,500	19,500	-
Amortization of deferred rent funding	(37,885)	-	(37,885)	(37,885)
Recognition of deferred revenue	-	-	-	(226,400)
	97,675	74,072	171,747	190,132
Less: Current portion	37,885	49,072	86,957	67,457
Long-term portion	59,790	25,000	84,790	122,675

The long-term portion relates to funds contributed to the Association for the Skills Development Centre location to help meet the rent payment obligations. These contributions were paid to the landlord as a prepayment of rent in order to reduce the monthly rent payments and are amortized into revenue over the term of the lease agreement.

The long-term portion also includes $12,441 (2017 – $12,441) relating to future capital expenditures for the Skills Development Centre location.

INTRODUCTION GREATEST NEED SERVICE DELIVERY SUSTAINABLE BUSINESS INJURIES FINANCIALS

8 Deferred capital contributions

Deferred capital contributions represent the unamortized amount and unspent amount of contributions received for the purchase of capital assets.

	2018 $	2017 $
Balance – Beginning of year	119,907	25,852
Funding received	1,021,201	142,106
Amortization of deferred capital contributions	(41,806)	(48,051)
Balance – End of year	1,099,302	119,907

9 Employee future benefits

The Association provides extended health-care, dental and life insurance benefits to all full-time employees hired by the legacy associations prior to amalgamation on retirement to the age of 65, with the following exceptions:

> For former Electrical & Utilities Safety Association employees, these benefits extend to age 65 for employees hired subsequent to January 1, 2007. Benefits may be extended beyond age 65 at the discretion of the employee and the assumption of 50% of the cost by the employee. For employees hired prior to 2003, benefits extend for the employee's lifetime.
>
> For former Construction Safety Association of Ontario employees, no future benefits are provided for employees hired subsequent to August 1, 2001. For employees hired prior to August 1, 2001, benefits extend for the employee's lifetime.

In addition to the extended health-care, dental and life insurance benefits, the Association also provides exit benefits to employees in accordance with the Association's policy.

Components of the accrued benefit obligation are as follows:

	2018 $	2017 $
Post-retirement benefits	20,268,600	21,316,400
Exit benefits	1,656,300	1,546,600
	21,924,900	22,863,000

The defined benefit obligation relating to post-retirement benefit plans as at December 31 is as follows:

	2018 $	2017 $
Accrued benefit liability – Beginning of year	22,863,000	19,925,000
Current service cost	299,400	294,800
Interest cost on obligation	772,300	773,700
	23,934,700	20,993,500
Benefit payments	(895,000)	(760,800)
Actuarial loss (gain) recognized in statement of changes in net assets	(1,114,800)	2,630,300
Accrued benefit liability – End of year	21,924,900	22,863,000
Benefit plan expense		
Current service cost	299,400	294,800
Interest on defined benefit obligation	772,300	773,700
	1,071,700	1,068,500

The latest actuarial valuation of the post-retirement benefit plans was prepared as at December 31, 2018. The significant actuarial assumptions adopted in measuring the Association's defined benefit obligations are as follows:

	2018 %	2017 %
Health-care increase per annum	5.00	5.00
Discount rate	4.00	3.40
Dental care increase per annum	3.00	3.00
Salary increase per annum	1.50	1.00

The Association intends to fund its defined benefit obligation with the following assets:

	$
Cash and cash equivalents	1,151,730
Short-term investments	10,262,673
Long-term investments	4,208,375
	15,622,778
Less: Accrued benefit obligation – End of year	(21,924,900)
Total unfunded employee benefit obligation	(6,302,122)

Defined benefit pension plan

The employer contributions made in the year amounted to $2,551,783 (2017 – $2,446,166), which are included in employee benefits expense.

10 Internally restricted fund for CHSI capital expenditures

The Board approved an internally restricted fund in fiscal 2012 for the Association's share of future capital expenditures relating to CHSI. The fund was designated based on a reserve fund study performed on CHSI in 2011. In the current year, the Association allocated $nil (2017 – $26,689) to this fund. These amounts represent the Association's share of CHSI's replacement reserve fund.

11 Ministry of Labour

The MOL's surplus investment policy states that the Association's operations are not to result in a deficit position at the end of any government fiscal year. The amount of surplus that is eligible to be retained by the Association will be a maximum of 6% of the previous year's audited total actual revenue including government transfer payments. Any amount in excess of the 6% maximum amount may be recovered by the MOL in the following year through reduction of transfer payment funding.

Surplus funds must be used to support the MOL's commitment to enhance health and safety in Ontario workplaces. No surplus funds can be used without written approval from the MOL. The MOL will notify the Association in writing in a timely manner regarding decisions related to proposed retention of surpluses. The use of surplus funds approved to be retained by the Association will be tracked by the Association and reported to the MOL. Any amount not approved to be retained will be recovered by the MOL.

	2018 $	2017 $
Approved MOL funding for the year	22,998,010	24,341,584
Deferred capital contribution (note 8)	(1,021,201)	-
	21,976,809	24,341,584

12 Commitments

The Association has operating leases for various office premises and equipment with minimum annual payments to non-related parties as follows:

	$
2019	1,500,695
2020	1,528,078
2021	860,584
2022	641,920
2023	641,920
Thereafter	1,788,604
	6,961,801

13 Related party transactions

The Association subleases office space from CHSI and pays its proportionate rental area share of the operating costs. Any surplus (deficiency) in CHSI will be shared by the members based on their proportionate rentable areas (note 4). During the year, CHSI charged rental and operating costs of $772,653 (2017 – $947,530). These transactions occur in the normal course of operations, and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and approximates the arm's length equivalent value.

Minimum annual rental lease payments are as follows:

	$
2019	496,056
2020	496,056
2021	124,014
	1,116,126

14 Economic dependence

The Association is dependent on the MOL for funding the cost of operations.

15 Contingencies

The Association may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes adequate provisions have been made in the accounts where required and the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the Association. Any amounts in settlement of claims in excess of recorded provisions will be charged to the statement of operations in the year of claim.

16 Financial risk management

The Association is exposed to certain financial instrument risks, such as credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and cash equivalents, short-term investments, accounts receivable and long-term investments. The Association manages its exposure to this risk by maintaining its cash and investments with a major Schedule I bank and, where feasible, obtaining prepayment for courses held. Accounts receivable are net of an allowance for doubtful accounts of $51,987 (2017 – $51,987).

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Liquidity risk

Liquidity risk is the risk the Association will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities, employee future benefits and commitments. The Association continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures and has a rigorous annual budgeting process.